

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
PARCEL SELECT CONTRACT 34 (MC2019-188)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-211

**USPS NOTICE OF AMENDMENT TO  
PARCEL SELECT CONTRACT 34, FILED UNDER SEAL**  
(January 24, 2022)

The Postal Service hereby provides notice that the terms of Parcel Select Contract 34, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Parcel Select Contract 34 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective three business days following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:



Sean C. Robinson

475 L'Enfant Plaza, SW  
Washington, D.C. 20260-1137  
(202) 268-8405  
[Sean.C.Robinson@usps.gov](mailto:Sean.C.Robinson@usps.gov)  
January 24, 2022

**ATTACHMENT A**

**REDACTED AMENDMENT TO PARCEL SELECT CONTRACT 34**

**AMENDMENT #1**  
**OF**  
**SHIPPING SERVICES CONTRACT**  
**BETWEEN**  
**THE UNITED STATES POSTAL SERVICE**  
**AND**  
  
**REGARDING**  
**PARCEL SELECT SERVICE**

WHEREAS, the United States Postal Service (the “Postal Service”) and   
 (“Customer”) entered into a Shipping Services Contract, PS Contract 34/Docket No. CP2019-211, regarding Parcel Select Service, on August 13, 2019 (the “Contract” or “SSC”).

WHEREAS, the Parties desire to amend the terms in Section II.B, Section III, including new Tables A-J and Section IV of the Contract.

NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This Amendment shall become effective three (3) business days following the day on which the Commission issues all necessary regulatory approval.

[Add a sentence to Section II.B, replace Section III.A.3.b.4.(b) in its entirety with Section III.A.3.b.4(b)(i)-(v), adding new Tables A-J, and amend subsections D, E, and I of Section IV, as follows.]

**II. Exhibits**

B. [Unchanged, except to add the following sentence at the end of the Section:]

Notwithstanding the above, the Parties agree to work in good faith to redistribute ZIP Codes assigned to ZIP Code Attachment A.

**III. Pricing Terms Beginning on 2020 Annual Adjustment Date.**

The following pricing terms apply as of the 2020 Annual Adjustment Date:

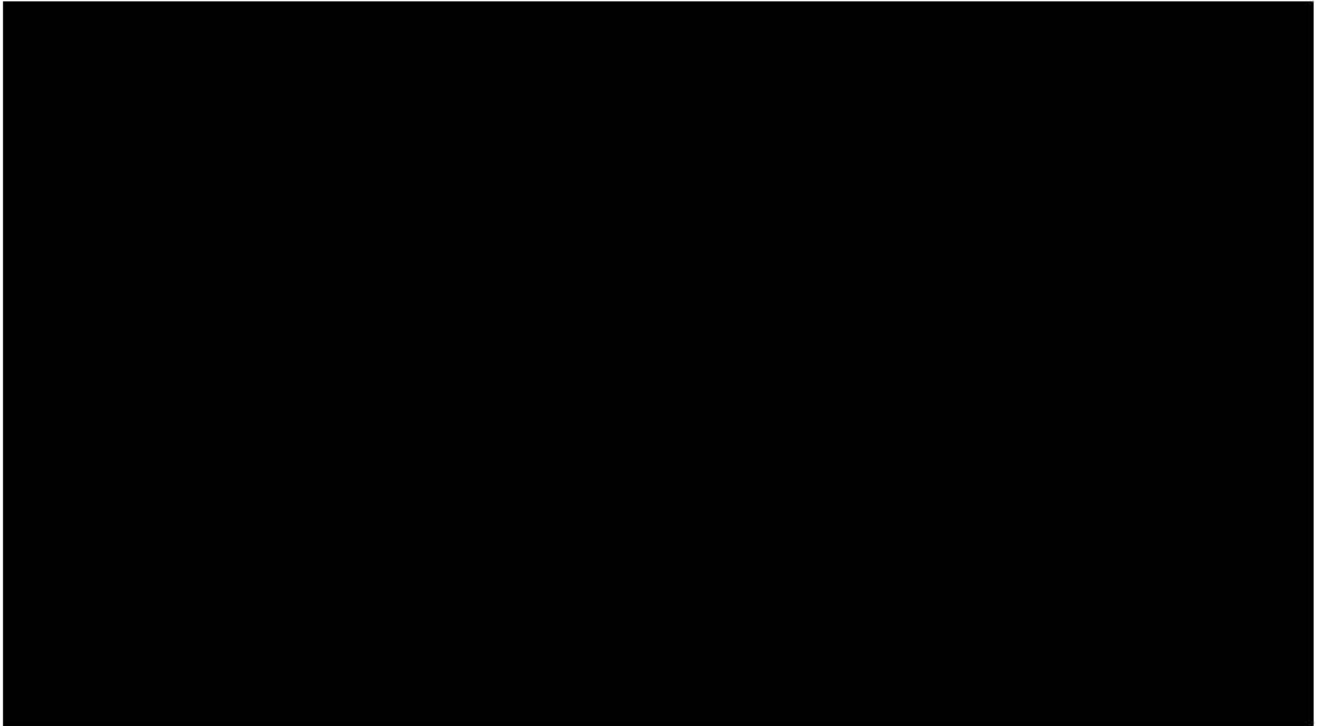
A. [Unchanged.]

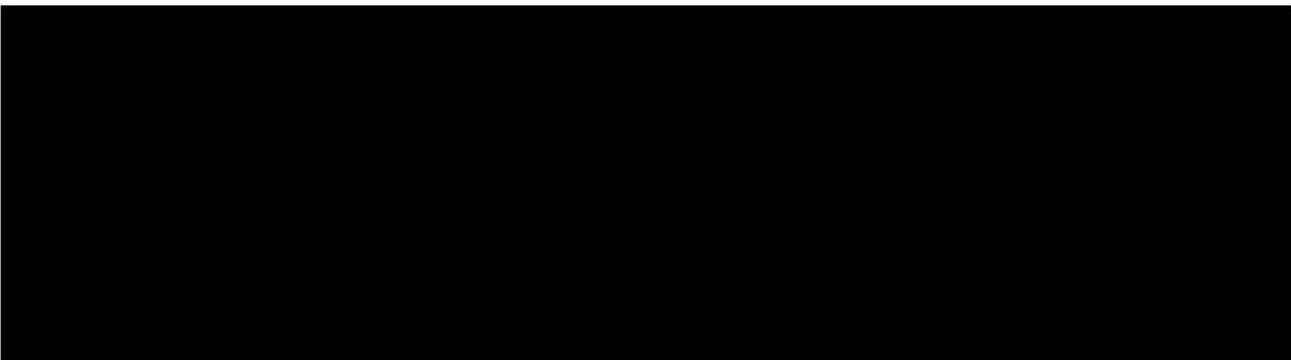
1. [Unchanged.]

2. [Unchanged.]

3. [Unchanged.]

- a. [Unchanged.]
- b. [Unchanged.]
  - 1) [Unchanged.]
  - 2) [Unchanged.]
  - 3) [Unchanged.]
  - 4) [Unchanged, except that subsections (b) is deleted in its entirety and replaced with the following subsections (b)(i)-(v):]
    - (b)
      - (i) Contract Quarters 1, 2, and 3 of Contract Year 3 (2022):  
For each of Contract Quarters 1, 2, and 3 of Contract Year 3 (2022), the total volume of DDU-entry Parcel Select Heavyweight Packages shipped by Customer during the prior Contract Quarter (with Contract Quarter 4 of Contract Year 2 (2021) being the prior Contract Quarter for Contract Quarter 1, Contract Year 3 (2022)) will determine the applicable Tier for all ZIP Code Attachments for Customer's DDU-entry Parcel Select Heavyweight Packages, pursuant to Tables A through C, below.





The Postal Service will monitor Customer's volume of Heavyweight DDU-entry Parcel Select Packages and will notify Customer of the applicable Tier for Heavyweight DDU-entry Parcel Select Packages for each Contract Quarter, based on the Tables A-C above, within five (5) calendar days after the start of each Contract Quarter. However, Tier changes (and therefore the resulting changes to pricing) will not take effect until the first calendar day of the second month of the applicable Contract Quarter. The Tier changes (and resulting pricing) will apply for the second two months of the Contract Quarter and the first month of the following Contract Quarter.

EXAMPLE: For the last two months of Contract Quarter 1 and the first month of Contract Quarter 2 of Contract Year 3 (2022), the Tier for all ZIP Code Attachments will be based on total DDU-entry Heavyweight Parcel Select volume achieved during Contract Quarter 4 of Contract Year 1 (2021) per Table A, above. The resulting Tier change (and any corresponding change in pricing) will be effective from February 1, 2022 through April 30, 2022.


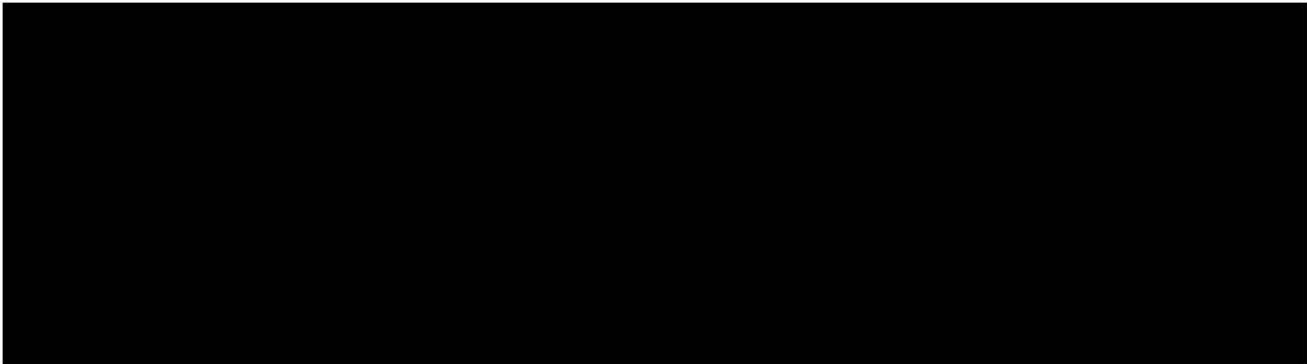
Tier levels established under this subsection for Contract Quarter 3 of Contract Year 3 (applicable from August 1, 2022 through October 31, 2022) will remain in effect until changed pursuant to subsection (ii), below.

Should the Customer fail to maintain the minimum volume requirement for the assigned Tier during a Contract Quarter in Contract Quarter 4 in Contract 2 (2021) or any of Contract Quarters 1, 2, or 3 in Contract Year 3 (2022), the Customer will pay an Assessment to the Postal Service, calculated as follows:

1. Multiply the volume of Heavyweight DDU-Entry Parcel Select Packages actually shipped by Customer in each weight cell during the period in which the Tier's pricing was in effect (i.e., the last 2 months of the relevant Contract Quarter and the first month of the following Contract Quarter) by the price actually paid for that weight cell during the same period.

2. Multiply the volume of Heavyweight DDU-Entry Parcel Select Packages actually shipped by Customer in each weight cell during the period in which the Tier's pricing was in effect (i.e., the last 2 months of the relevant Contract Quarter and the first month of the following Contract Quarter) by the price that would have applied to those Pieces based on the Tier that would apply to the actual volume tendered during the relevant Contract Quarter. For Quarter 3 of Contract Year 3 (2022), use Table D below to determine what Tier would have applied based on actual volume.
3. Subtract the result from #1 (calculation above) from the result in #2 (calculation above).
4. Divide #3 (calculation above) by the total volume of Heavyweight DDU-Entry Parcel Select Packages actually shipped by Customer during the period in which the Tier's pricing was in effect (i.e., the last 2 months of the relevant Contract Quarter and the first month of the following Contract Quarter) to determine a price difference per Piece.
5. Multiply #4 (calculation above) by the total volume difference between the total Heavyweight DDU-Entry Packages actually shipped by Customer during the relevant Contract Quarter and the minimum volume requirement for the Tier assigned to the Contract Quarter.

*All prices and price changes shall be rounded to the nearest whole cent (\$0.01); e.g., \$0.015 and above rounds to \$0.02; \$0.014 and below rounds to \$0.01.*

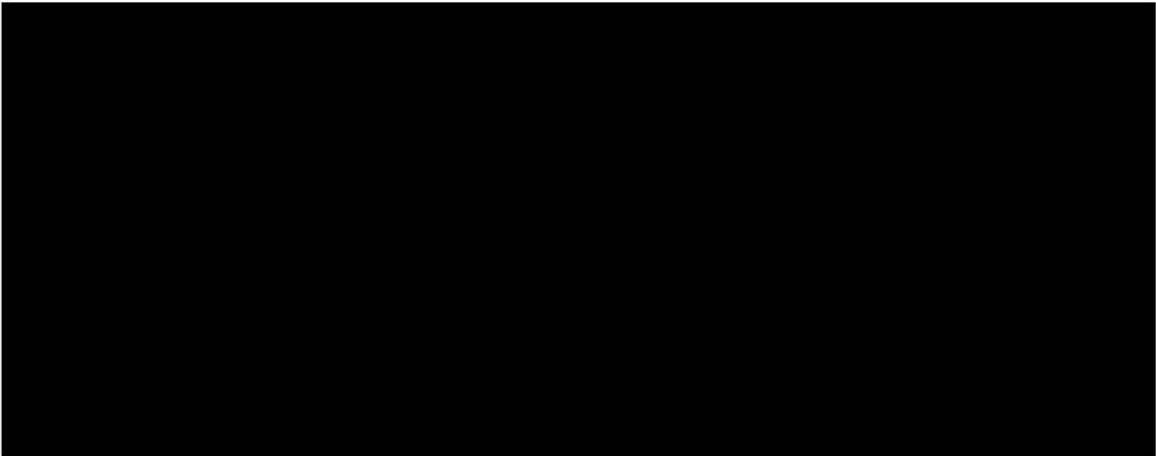
  


The parties will review volume numbers at each Quarterly Business Review to determine any amounts owed by the Customer under this subsection. Any amounts owed will be due within sixty (60) calendar days of the end of the Contract Quarter being evaluated.

(ii) Contract Quarter 4 of Contract Year 3 (2022) and  
Contract Quarter 1 of Contract Year 4 (2023)

For Contract Quarter 4 of Contract Year 3 (2022) and Contract Quarter 1 of Contract Year 4 (2023), the total cumulative volume of DDU-Entry Parcel Select Heavyweight Packages actually shipped by Customer from the beginning of Contract Quarter 4 of Contract Year 2 (2021) through the end of Contract Quarter 3 of Contract Year 3 (2022) (i.e., from October 1, 2021 through September 30, 2022) will determine the applicable Tier for all ZIP Code Attachments for Customer's DDU-Entry Parcel Select Heavyweight Packages, pursuant to Table E, below.

The Postal Service will monitor Customer's volume of DDU-Entry Parcel Select Heavyweight Packages and will notify Customer by October 5, 2022 of the applicable Tier for DDU-entry Parcel Select Heavyweight Packages. However, the Tier change (and therefore the resulting changes to applicable pricing) will not take effect until November 1, 2022. The Tier change will remain in effect until April 30, 2023.



(iii) Real Spending on Consumer Goods Adjustment

If, for any Contract Month from the beginning of Contract Quarter 4 of Contract Year 2 (2021) (beginning October 1, 2021) through the end of Contract Quarter 3 of Contract Year 3 (2022) (ending September 30, 2022), the United States annual growth in Real Spending on Consumer Goods as determined by the United States Bureau of Economic Analysis (measured monthly comparing the most recent twelve months spending to the spending during the immediate twelve months preceding the measurement period) falls below [REDACTED], the minimum and maximum volume levels set forth in Tables A-E in subsections (i) and (ii) above will be reduced by [REDACTED], for any Tables whose measurement period includes the month(s) in which the annual growth in Real Spending on Consumer Goods fell below [REDACTED].

In addition, the Postal Service may reduce the minimum and maximum volumes set forth in Tables A,B, C, D, or E at any time in its discretion.

(iv) Contract Quarter 2 of Contract Year 4 (2023) through the end of Contract Year 5 (2024)

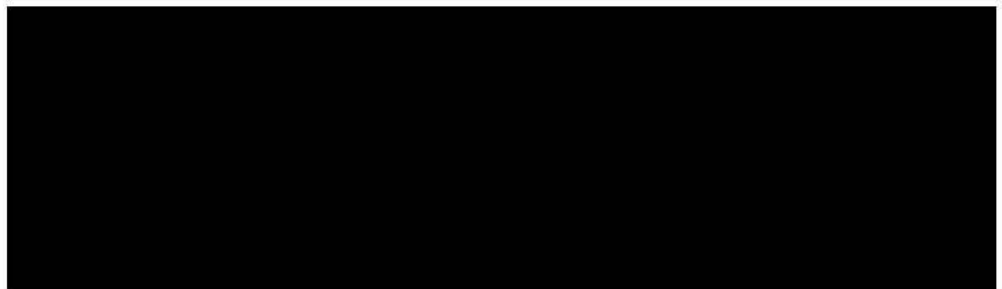
Starting at the end of Contract Quarter 1 in Contract Year 4 (March 31, 2023), the Parties will determine after the end of each Contract Quarter the Total DDU-Entry Heavyweight Parcel Select Package volume shipped in each ZIP Code Attachment for each of ZIP Code Attachments A, B, C, and D during the most recent twelve (12) month period. For each Attachment, the Parties will compare that twelve (12) month volume to the Total DDU-Entry Heavyweight Parcel Select Package volume in the same ZIP Codes to the Total DDU-Entry Heavyweight Parcel Select Package volume shipped during the immediately preceding twelve (12) month period.

EXAMPLE: On April 1, 2023, the Parties will determine the Total DDU-Entry Heavyweight Parcel Select Package volume shipped in each ZIP Code Attachment for each of ZIP Code Attachments A, B, C, and D from April 1, 2022 through March 31, 2023. The Parties will compare that number to the Total DDU-Entry Heavyweight Parcel Select Package volume shipped in each ZIP Code Attachment for each of ZIP Code Attachments A, B, C, and D from April 1, 2021 through March 31, 2022.

Based on the volume growth from the earlier twelve (12) month period to the subsequent twelve (12) month period, each of ZIP Code Attachments A, B, C, and D will then be assigned to a Volume Tier for the following Contract Quarter, as follows:



However, Tier changes (and therefore the resulting changes to applicable pricing) will not take effect until the first calendar day of the second month of the applicable Contract Quarter. The Tier changes (and the resulting pricing changes) will apply for the second two months of the Contract Quarter and the first month of the following Contract Quarter.



Notwithstanding the foregoing, the Postal Service and Customer may mutually agree on other Volume Tier changes and required volume growth percentages.

(v) Real Spending on Consumer Goods Adjustment

If, during any Contract Month from March, 2023 through October, 2024, the United States annual growth in Real Spending on Consumer Goods (“RSCG”) as determined by the Bureau of Economic Analysis (measured monthly comparing the most recent twelve months spending to the spending during the immediate twelve months preceding the measurement period) falls below [REDACTED], the RSCG Tiers in Table G, below, will apply to each ZIP Code Attachment based on the twelve (12) month growth rates (as determined in subsection (iv), above) set forth in Table G instead of the Volume Tiers set forth in Table F, above. These RSCG Tiers (and their corresponding prices) will begin to apply at the beginning of the Contract Month that starts one month after the Contract Month when the RSCG measure fell below [REDACTED].

The RSCG Tiers will remain in effect until one (1) month after it is determined at the end of a Contract Month that the monthly annual growth in RSCG is above [REDACTED].

Notwithstanding the foregoing, during any Contract Month(s) in which the RSCG Tiers apply, the prices applicable to Customer’s DDU-Entry Heavyweight Parcel Select Packages will not exceed the prices that would be applicable to such Packages if their ZIP Code Attachment was assigned to Volume Tier 1, unless the ZIP Code Attachment was assigned to published prices for two consecutive Contract Months immediately prior to the Contract Month that RSCG fell below [REDACTED].

Moreover, the Postal Service may reduce the Volume Tier growth levels set forth in Table E, above, at any time in its discretion.

- c) [Unchanged.]
- d) [Unchanged.]

- c. [Unchanged.]
- d. [Unchanged.]
- e. [Unchanged.]

B. [Unchanged.]

C. [Unchanged.]

D. [Unchanged.]

E. [REDACTED]

[REDACTED] then beginning on April 3, 2022 those fees will apply to Customer's DDU-Entry Parcel Select Heavyweight and Lightweight Packages at the Fees set forth in Tables H, I and J below.

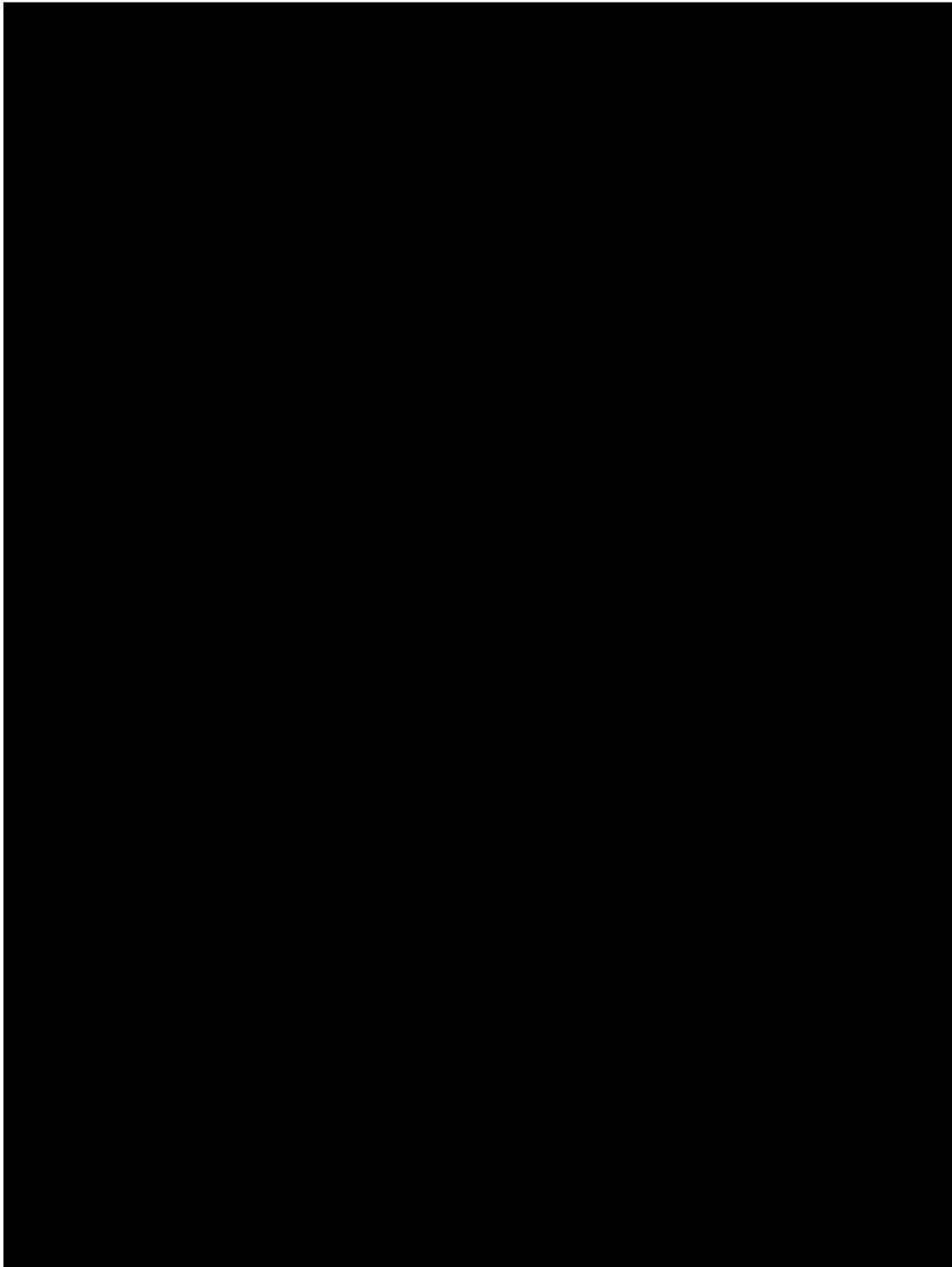
Starting at the beginning of Contract Quarter 3 in Contract Year 3 (2022), within five (5) days after the start of each Contract Quarter, the Postal Service will notify Customer of the percentage of DDU-Entry Parcel Select Heavyweight and Lightweight Package volume shipped in the immediately preceding Contract Quarter that was: [REDACTED]

[REDACTED] However, Tier changes (and therefore Fee changes) will not take effect until the first calendar day of the second month of the applicable Contract Quarter. Fees will apply for the second two months of the Contract Quarter and the first month of the following Contract Quarter.

[REDACTED]

For the period from April 3, 2022 through July 30, 2022, the Tier 3 Fees identified in Tables H,I, and J, below, will apply.

Customer is required to manifest all items equal to [REDACTED] in order to qualify for the the Non-Standard Fees in Tables H, I and J.



#### IV. Other Terms and Conditions

- A. [Unchanged.]
- B. [Unchanged.]
- C. [Unchanged.]
- D. Term and Termination. This Contract shall expire on December 31, 2024, unless and only unless terminated or extended by one of the following methods: (1) terminated by mutual agreement in writing, (2) superseded by a subsequent written contract between the Parties, (3) ordered by the Commission or a court, (4) required to comply with current and subsequently enacted legislation or orders by the Commission, or (5) terminated by either Party without cause after providing at least eighteen (18) months' notice to the other Party.

If the Parties reasonably anticipate that the Postal Service may be required to terminate the Contract under subsections (3) or (4), above, the Postal Service shall make all reasonable efforts to seek approval to continue to provide services under this Contract for a period of one (1) year, and shall provide advanced written notice of such termination to Customer as soon as reasonably possible.

At the conclusion of the initial Contract term, if preparation of a successor SSC is active, the Parties may agree to extend the SSC for up to two (2) ninety (90) calendar day periods with official notification to the Commission at least seven (7) calendar days prior to the Contract's expiration date.

- E. Appeals. If not first resolved pursuant to Section IV.A or other day to day reconciliation processes between the Parties, Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or implementation or operational issues under this Contract by submitting a written appeal within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to [REDACTED]. The appeal is forwarded to the Pricing and Classification Service Center (PCSC). The PCSC manager issues the final agency decision. Any decision that is not appealed as prescribed becomes the final agency decision.
- F. [Unchanged.]
- G. [Unchanged.]
- H. [Unchanged.]
- I. [Unchanged, except that every reference to sixty (60) days shall be changed to one-hundred eighty calendar (180) days.]

J. [Unchanged.]

K. [Unchanged.]

L. [Unchanged.]

M. [Unchanged.]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: Jacqueline Strako

Printed Name: Jacqueline Strako

Title: Chief Commerce & Business Solutions Officer and Executive Vice President

Date: 1/21/2022



**ATTACHMENT B**  
**SIGNED CERTIFICATION**

**Certification of Prices for Amendment to  
Parcel Select Contract 34**

I, Lisa H. Arcari, Director, Domestic Package Pricing, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select Contract 34. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Lisa Arcari**

Digitally signed by  
Lisa Arcari  
Date: 2022.01.24  
11:22:02 -05'00'

---

Lisa H. Arcari